

NOTICE OF SALE

Department of Natural Resources & Conservation Timber Sale

The Foothills #1 Timber Sale is located within Section 2, 3, 11, 14, 23, 24, 35 and 36, T27N-R19W and Section 34, T28N-19W on the State's Kalispell Unit. Approximately 37,091 tons, consisting of grand fir, Douglas-fir, larch, spruce, lodgepole and white pine sawlogs is offered for sale.

Sealed bids will be opened at the Department of Natural Resources & Conservation, 2705 Spurgin Road, Missoula, Montana on **June 19, 2006 at 2:00 p.m.** Bids may be hand delivered or mailed and will be accepted any time prior to the bid opening. **DNRC recommends that bidders contact the Trust Land Management Division (406-542-4300) prior to the bid opening to ensure that your bid has been received.** All bids must be accompanied by a bid deposit in the amount shown under SPECIAL REQUIREMENTS below, representing 5% of the minimum bid of the sale in cashier's check, certified check, bank money order or bank draft to be applied to the stumpage for the successful bidder. Bid bonds will be accepted and, for the successful bidder, will be closed upon execution of the Timber Sale Contract and Timber Sale Bond.

SPECIAL REQUIREMENTS FOR TIMBER SALE BIDDERS: A "Timber Conservation License In Lieu Of A Timber Sale" has been applied for on a portion of this sale. The sale will be awarded as either 1) the advertised timber in its entirety, or 2) the conservation license area will be excluded from the sale by issuing the conservation license, and the remaining timber sold. Any bidder interested in only the timber sale volume must submit two (2) bids on the same form to be considered as a responsible bid. The first required bid is for the entire timber sale (Bid Item A - All Sawlog Volume). The second required bid is for the timber sale, excluding the area of the conservation license (Bid Item B - Sawlog Volume minus the Timber Conservation License Volume). A bid deposit in the amount of \$49,702.00 must accompany Bid Item A and Bid Item B bids.

If a bidder is interested in bidding solely on the volume associated with the "Timber Conservation License In Lieu Of A Timber Sale" then only one bid is required. This bid is labeled (Bid Item C – Conservation License Only) on the bid form. A bid deposit of \$87.00 must accompany all Bid Item C bids. Please see the bid form for specific instructions.

The sale will be awarded to the highest responsible bidder and will be based on the highest price received either as the entire timber sale or as the timber sale with the conservation license in place. If the successful bidder is unable to execute the contract within 45 calendar days from the date the sale is awarded, the bid deposit will be retained by the Department as liquidated damages. The right is reserved to reject any or all bids.

Prospective bidders can obtain the sale prospectus, sale contract and bid forms from the Department of Natural Resources & Conservation, Trust Land Management Division, in Missoula (406-542-4300), or the Northwest Land Office in Kalispell, MT (406-751-2240).

Visit our website at <http://www.dnrc.mt.gov> Online Services for upcoming sales and bid results

/s/ David A. Groeschl, Chief
Forest Management Bureau
Trust Land Mgmt Division

Publication Dates: May 17, 24, 31, June 7, 2006

TIMBER SALE PROSPECTUS
MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Timber Sale Name:	Foothills #1
Timber Sale Location:	Sec. 2, 3, 11, 14, 23, 24, 35, 36, T27N-R19W Sec. 34, T28N-R19W
For specific sale information, contact:	
Phone	406-751-2266 Pete Seigmund, Kalispell Unit Office
For copies of the Timber Sale Contract and bid forms, contact:	
Phone	406-542-4300 Forest Management Bureau, DNRC Missoula Office
Phone	406-751-2240 Northwestern Land Office

General Bidding Information

1. Bids must be submitted on standard DNRC bid forms.
2. **Timber will be sold to the highest responsible bidder. This will be based on the highest bid for either: 1) The bid for the entire timber sale, Bid Item A, or 2) The bid for the timber sale combined with the bid for the volume associated with the application for a Conservation License in Lieu of a Timber Sale (Conservation License), Bid Items B & C; however, the Department reserves the right to reject any or all bids.**
3. DNRC recommends that bidders contact the Forest Management Bureau, Trust Land Management Division (406-542-4300) prior to the bid opening to ensure that your bid has been received.
4. A **bid guarantee** must accompany all bids and must be in the form of cash, cashiers check, certified check, bank money order, bank draft, surety bond or irrevocable letter of credit.
5. The Purchaser must submit a **performance bond** within 45 days of the sale award. It will amount to 20% or more of the bid value of the sale. The performance bond may be in the form of cash, irrevocable letter of credit, surety bond or certificate of deposit. The performance bond must be maintained separately from other payments for the duration of the sale contract.
6. The Purchaser must submit an **advance stumpage payment** prior to cutting any timber. The amount of the advance will be based on the expected harvest rate and the bid value of the stumpage. The advance may be in the form of cash, irrevocable letter of credit, payment bond or certificate of deposit.
7. The Purchaser of the timber sale and of the Conservation License (if sold) will pay **Forest Improvement fees** in addition to stumpage payments.
8. The Purchaser of the Conservation License will be required to pay for the License in three equal annual installments.
9. This sale and the Conservation License are being sold based on the gross weight of all species. Minimum price and bid price is per ton. The price is for all species, green and dead. Billing will be based on gross weight. A weight ticket from a certified scale is required for every load.
10. The Department has estimated the net scale merchantable sawlog volume to be available for purchase under this contract. All delivered wood will be weighed and billed at per ton bid rates. The Department recognizes that a percentage of delivered wood may not meet the log manufacturing and recovery standards of the timber sale contract. The actual percentage will vary based on the log manufacturing and recovery specifications of the purchaser and the tree conditions in the sale area. The actual delivered weight may vary, resulting in an overrun or under-run of the estimated tonnage. DNRC strongly recommends that bidders evaluate these effects before bidding.
11. DNRC does not conduct detailed road appraisals. All appraised costs are gross estimates or averages, provided only to show the relative amount of work required, and not its market value. Purchasers should make their own estimates based on contract requirements.
12. Bidders should examine the Timber Sale Contract and sale area prior to bidding. Additional information is available at the phone numbers shown above.
13. Estimated stand data in this prospectus and volume estimates in the sale contract are not guaranteed. The volume stated for the Conservation License (65 tons) is fixed and will not change.
14. This prospectus is provided for information purposes only. If the prospectus is in error or contradicts the Timber Sale Contract, the contract governs.

****Information provided on pages 2-4 covers the entire sale without consideration of the Conservation License.**

TABLE 1: Summary of Sale Specifications			
Sale Data			
636	Net Sale Area (acres)	0	Miles of road construction
October 1, 2009	Contract ending date	12.36	Miles of road maintenance/reconstruction
N/A	Cable logging required (% of volume)	3.74	Miles of road reclamation or abandonment
Operating Season: between July 1 and May 31 when soil compaction requirements can be met. Winter logging in some units.			
Charges and Appraised Costs			
\$49,702.00	Bid Guarantee (total \$)		
20% of bid value	Performance Bond		
N/A	Collected Road Maintenance And Road Use Charges (\$ per ton)		
\$ 3.27	Collected Forest Improvement Fee (\$ per ton)		
\$ 20,214.60	Quarterly Installment of Forest Improvement Payments (\$ per payment, first 5 payments)		
\$ 62,089	Road Development Costs - Appraised Purchaser-Do (total \$)		
\$ 0.06	Road Maintenance Costs - Appraised Purchaser-Do (\$ per ton)		
\$ 0.16	Slash Disposal Costs - Appraised Purchaser-Do (\$ per ton)		
\$ 1.62	Timber Stand Improvement Costs - Appraised Purchaser-Do (\$ per ton)		

TABLE 2: Timber Cruise Data and Minimum Bids										
SPECIES	WWP	PP	DF	WL	LP	ES	GF	WRC	DD	TOTAL
Minimum Acceptable Bid										\$26.80/ton
Gross Cubic Feet (in thousands)	59.5	1.9	185.0	127.5	71.6	95.9	1,150.1	1.3	513.6	2,206.4
% Cull and Breakage	17.3	0.0	8.8	12.6	3.4	4.0	34.5	15.2	61.1	34.4
Net Cubic Feet (in thousands)	49.5	1.9	168.5	111.6	68.8	91.8	778.3	1.1	204.7	1,476.1
Pounds per cubic foot	60	62	62	58	48	57	62	44	41	58
Estimated tons	1,426.5	56.1	4,765.5	2,939.8	1,163.8	2,398.8	20,671.9	16.8	3,651.5	37,091
Gross MBF (Scribner 6" top DIB)	313.9	8.7	827.6	568.9	214.9	428.4	4,935.6	3.3	2,204.3	9,505.6
%Cull and Breakage	17.3	0.0	8.8	12.6	3.4	4.0	34.5	15.2	61.1	34.4
Net MBF	260.5	8.7	752.7	497.6	206.8	411.1	3,213.6	2.8	854.2	6,207.9
Average logs per MBF	10.9	20.6	16.3	18.3	25.9	17.3	18.2	40.9	18.4	18.0
Average DBH	15.5	13.0	12.6	11.9	8.9	12.2	11.9	9.0	11.9	12.0
Average tons per acre harvested in leave-tree marked units										58.3
Average tons per acre harvested in cut-tree-marked units										N/A
Average MBF to cut per acre on the timber sale										9.76
Range of cut trees per acre based on unit cruise										26-196
Calculated Sampling Error (<i>net</i> MBF): 6.2%										
The total cruised volume will fall between 5,826 and 6,593 thousand net board feet in 9 out of 10 cruises.										
Tons Per Thousand Board Feet Conversion Factor = 37,091 net tons per 6,208 net MBF = 5.97 tons per MBF										

TABLE 3: Unit Harvest Volume and Harvest Schedule					
Unit	Section	Acres	Estimated Tons	Estimated Net MBF	Removal Date
B1	23&24	98	6,458	1,033.7	Sept. 1, 2009
BC1	2	34	2,267	383.8	Sept. 1, 2009
BC2	2	65	4,256	699.4	Sept. 1, 2009
BC3 (A-E)	2	11	517	80.0	Sept. 1, 2009
BL1	14	126	7,171	1,288.2	Sept. 1, 2009
BL2	14	63	4,406	732.0	Sept. 1, 2009
DC1	11	64	4,315	718.3	Sept. 1, 2009
DC2	2 & 11	34	2,466	373.6	Sept. 1, 2009
JB1A & B	2,3 & 34	13	416	63.4	Sept. 1, 2009
PC1	36	17	1,516	261.1	March 30, 2007
PC2	36	12	740	118.1	March 30, 2007
PC3	36	35	1,631	293.0	Sept. 1, 2009
SR1	35	65	933	163.4	Sept. 1, 2009

Additional Sale Information:

1. **Bidders are required to submit 2 separate bid items.** TO BE CONSIDERED A RESPONSIVE BID FOR THE OFFERED TIMBER, BIDDERS MUST SUBMIT BIDS ON A SINGLE BID FORM FOR EACH VERSION OF THE OFFERED SALE (PARTS A & B). A SINGLE BID DEPOSIT OF \$49,702.00 IS REQUIRED. IF THE BIDDER IS BIDDING ONLY ON THE CONSERVATION LICENSE ITSELF, THEN ONLY ONE BID (PART C) IS REQUIRED. FOR PART C BIDS, A BID DEPOSIT OF \$87.00 IS REQUIRED. ONLY ONE BID FORM AND ONE BID ENVELOPE IS REQUIRED. Bid Item A is the entire sale including all volume. Bid Item B is the sale including all volume **except** for the conservation license volume of 65 tons. On the harvest unit map the Conservation License is labeled the Bear Creek Parcel. This area has been marked and cruised. The estimated volume contained in the potential conservation license area is 65 tons or 10.5 MBF.
2. Required winter logging in Units PC1, PC2, PC3, B1, BL1, BL2, JB1A, and JB1B.
3. A state-owned temporary bridge will be installed and moved between 3 locations. Units PC1 and PC2 will need to be harvested first in order to facilitate bridge removal and road work on Road 2B.
4. No harvest operations or roadwork may occur from April 1 to June 30. This applies to all roads and all harvest units.
5. Yarding of unmerchantable material (YUM) is required in some harvest units (see timber sale contract for specifics).
6. An estimated 6,000 tons of other material (grand fir pulpwood) is available, but not required.

TABLE 4: Total Net Cubic Feet (6" top diameter) by Diameter Class and Species (Cut trees)

Thousand Cubic Feet										
DBH Class	WWP	PP	DF	WL	LP	ES	GF	WRC	DD	TOTAL
≥7 and < 9	2	0	9	3	16	16	46	0	10	102
≥9 and < 11	2	0	19	28	31	33	134	1	38	286
≥11 and < 13	0	0	39	31	17	23	229	0	59	398
≥13 and < 15	6	3	23	36	8	20	198	0	68	362
≥15 and < 17	10	0	25	15	5	26	210	0	46	337
≥17 and < 19	12	0	30	6	0	3	151	0	39	241
≥19 and < 21	17	0	25	9	0	3	58	0	17	129
≥21 and < 23	10	0	40	10	0	5	37	0	8	110
≥23 and < 25	10	0	13	4	0	0	11	0	3	41
≥25 and < 27	7	0	15	6	0	0	2	0	0	30
≥27	0	0	4	11	0	5	10	0	0	30
TOTAL	76	3	242	159	77	134	1,086	1	288	2,066

TABLE 5: Total Number of Cut Trees by Diameter Class and Species

DBH Class	WWP	PP	DF	WL	LP	ES	GF	WRC	DD	TOTAL
≥7 and < 9	172	0	1,319	323	2,357	991	7,851	0	2,852	14,873
≥9 and < 11	108	0	1,252	1,664	1,586	1,127	10,149	127	5,528	21,403
≥11 and < 13	0	0	1,484	1,024	487	493	9,570	0	3,898	17,589
≥13 and < 15	186	61	599	814	183	312	6,569	0	3,314	12,219
≥15 and < 17	142	0	429	235	95	315	5,246	0	2,132	8,591
≥17 and < 19	169	0	434	69	0	29	3,211	0	1,373	5,571
≥19 and < 21	144	0	282	85	0	24	1,152	0	486	2,177
≥21 and < 23	75	0	366	90	0	27	746	0	230	1,532
≥23 and < 25	65	0	101	19	0	0	197	0	60	468
≥25 and < 27	33	0	89	48	0	0	17	0	0	188
≥27	0	0	18	35	0	7	82	0	0	155
TOTAL	1,094	61	6,372	4,404	4,708	3,325	44,790	127	19,885	84,764